Metropolitan Transportation Authority

July 2026 Financial Plan

7/29/2026

Results for the first half of 2026 are favorable compared to the budget

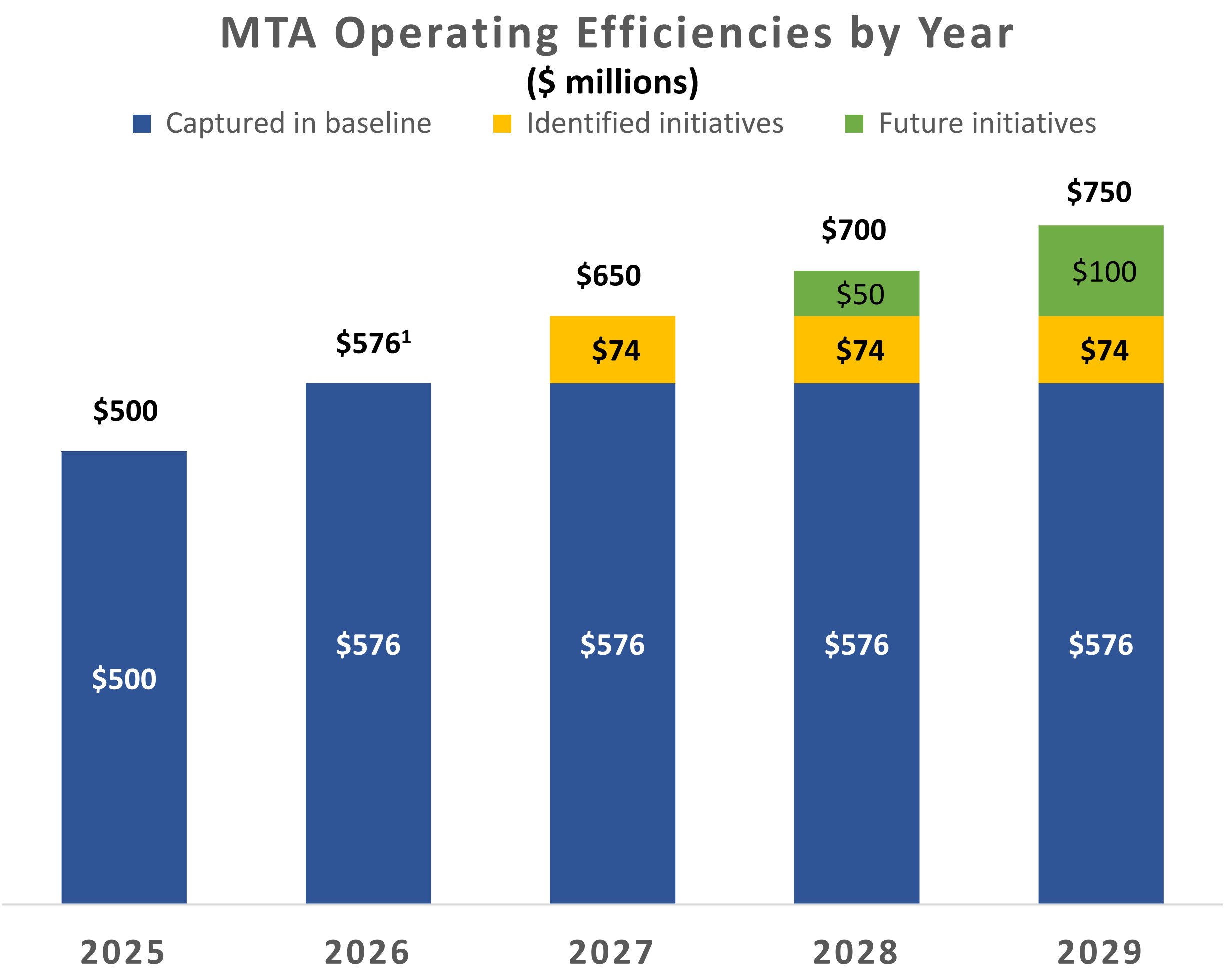
Revenues

- Farebox revenue below budget by 1% or $30M
- B&T revenues slightly below budget by 1% or $10M - higher gas prices
- Dedicated tax receipts are above the forecast by 4% or $224M reflecting results for payroll and real estate taxes

Expenses

- Overall operating expenses are below budget by 1.7% or $147M
- Operating efficiencies of over $576M on track to be delivered

MTA Operating Efficiencies program is reducing controllable costs



MTA is delivering against the new savings targets reflected in the 2025 November Financial Plan

- Targets built on $500M in annual savings achieved 2023-2025
- New targets grow from $75M in 2026 to $150M in 2027, $200M in 2028 and $250M in annually recurring savings in 2029

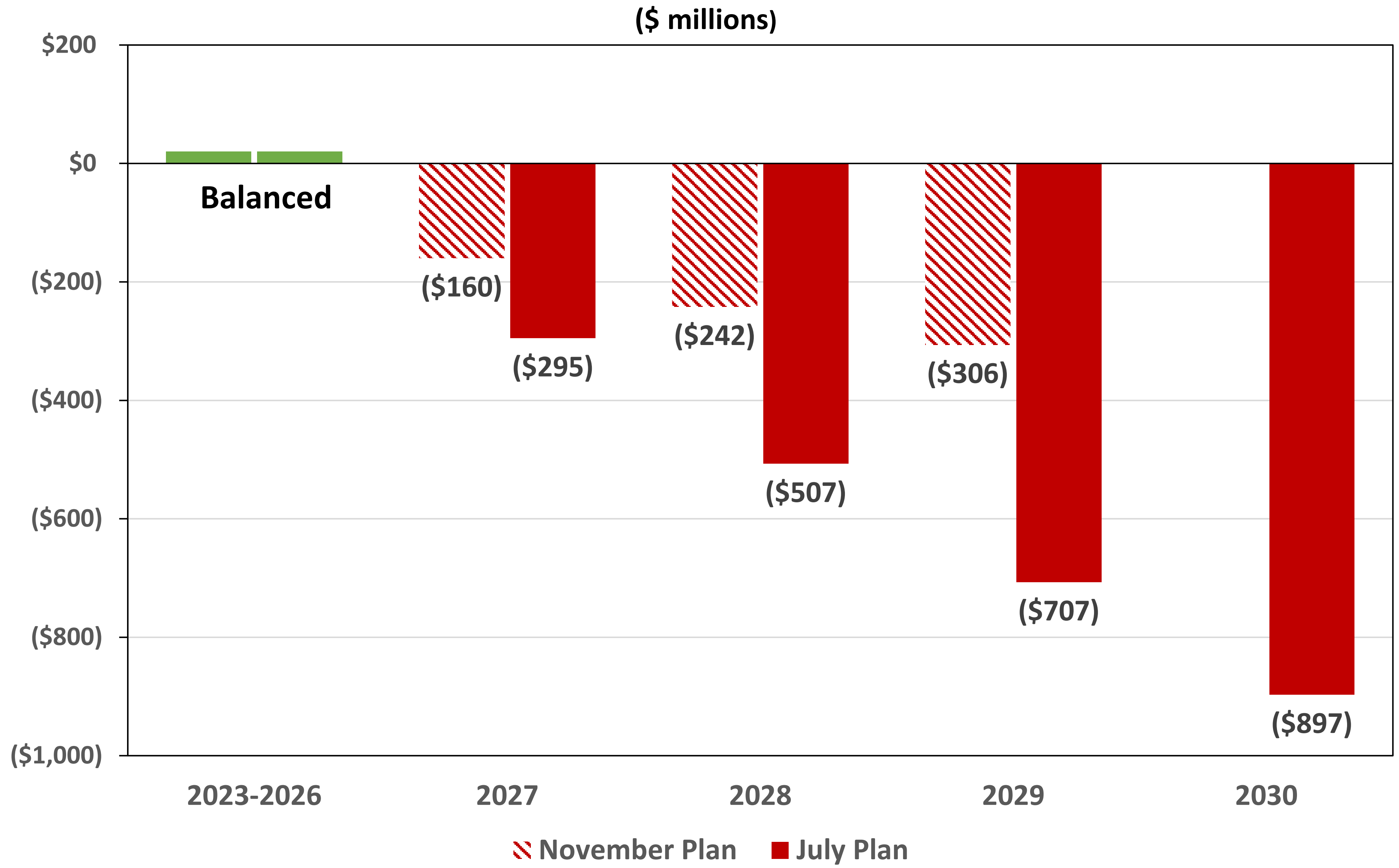
MTA has identified $74M in additional initiatives by which it will achieve the savings target for 2027

- Automating passenger counting
- Improving maintenance productivity
- Optimizing onboard staffing
- Reducing bus collisions

Future financial plans will incorporate identified initiatives in agency baselines, and detail future initiatives for 2028 and 2029

Note: February Financial Plan reflects $76M in operating efficiencies, $1M more than the target for 2026

Structural cost pressures drive out-year budget deficits



Long-term deficits are driven primarily by uncontrollable cost growth

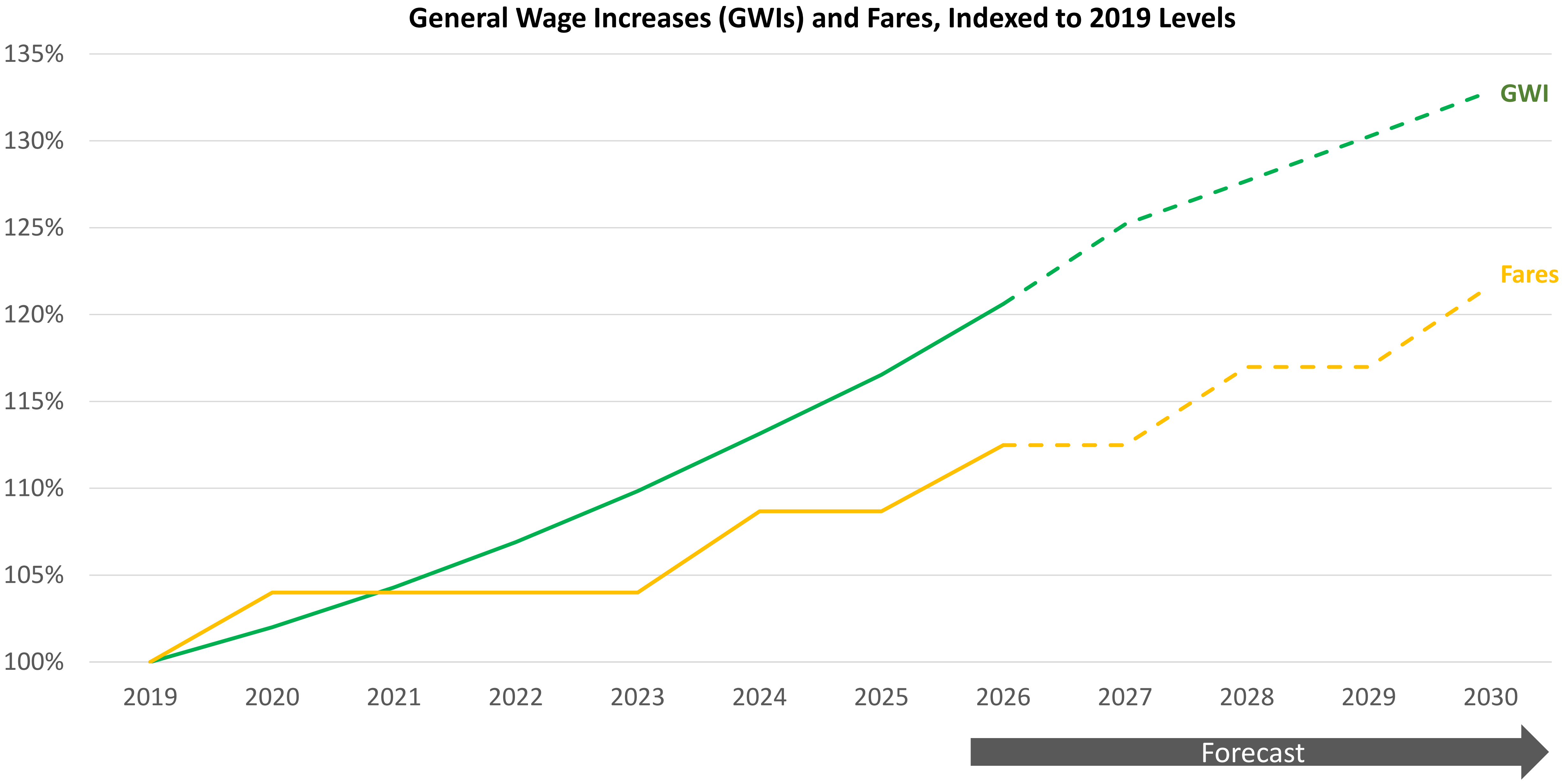
Expense Growth Since 2019

Uncontrollable	**93%** growth
All Other Expenses	**40%** growth

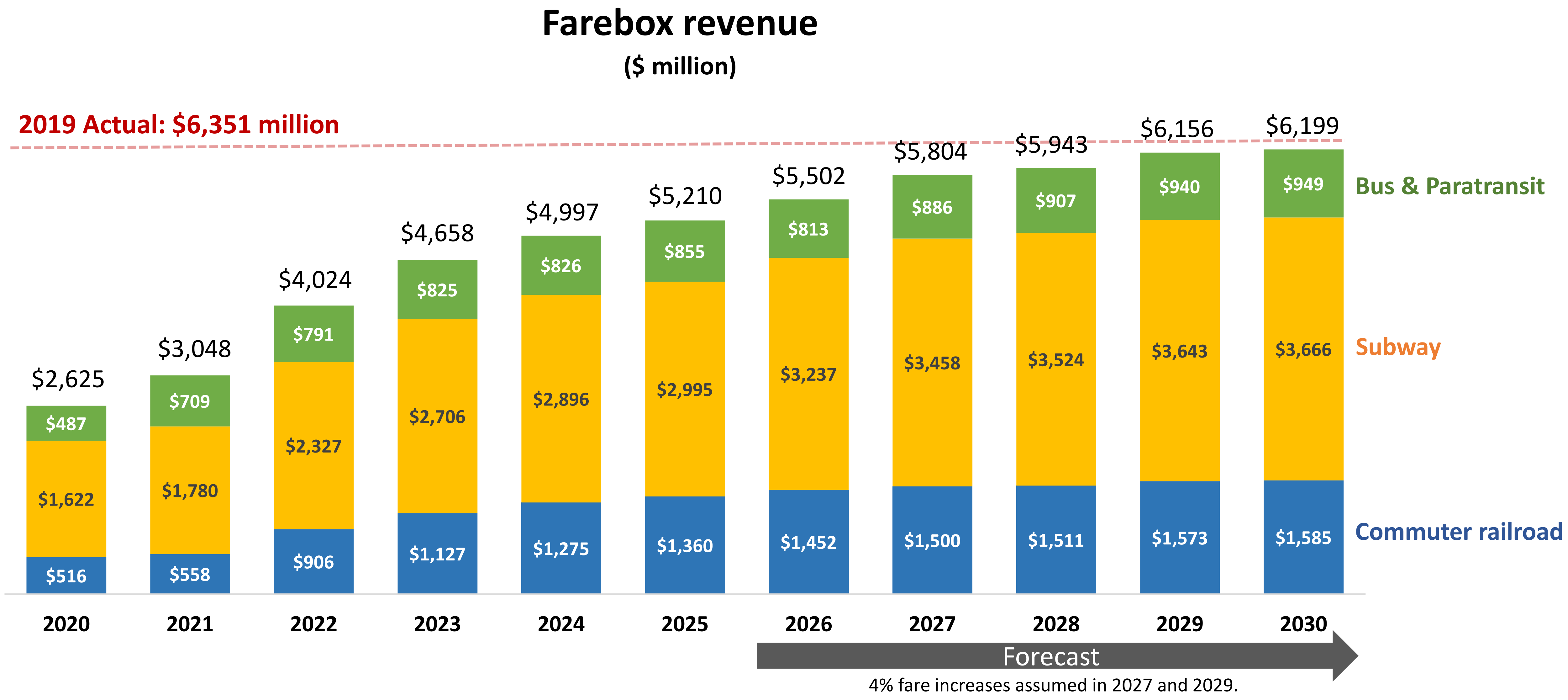
Key Structural Cost Drivers (2019 – 2030)

Expense Category	2019	2025	2030	2019-2030 Change (%)
Uncontrollable	**$3,421**	**$5,136**	**$6,610**	**93%**
Health Benefits	$1,339	$1,886	$2,745	105%
Retiree Health Benefits (OPEB)	$666	$870	$1,362	104%
Paratransit	$477	$717	$1,120	135%
Electric Power	$444	$634	$759	71%
Claims	$495	$1,029	$624	26%
All Other Expenses	**$13,161**	**$14,917**	**$18,411**	**40%**
Total Expenses	**$16,582**	**$20,053**	**$25,021**	**51%**

Wage rates have outpaced fare increases

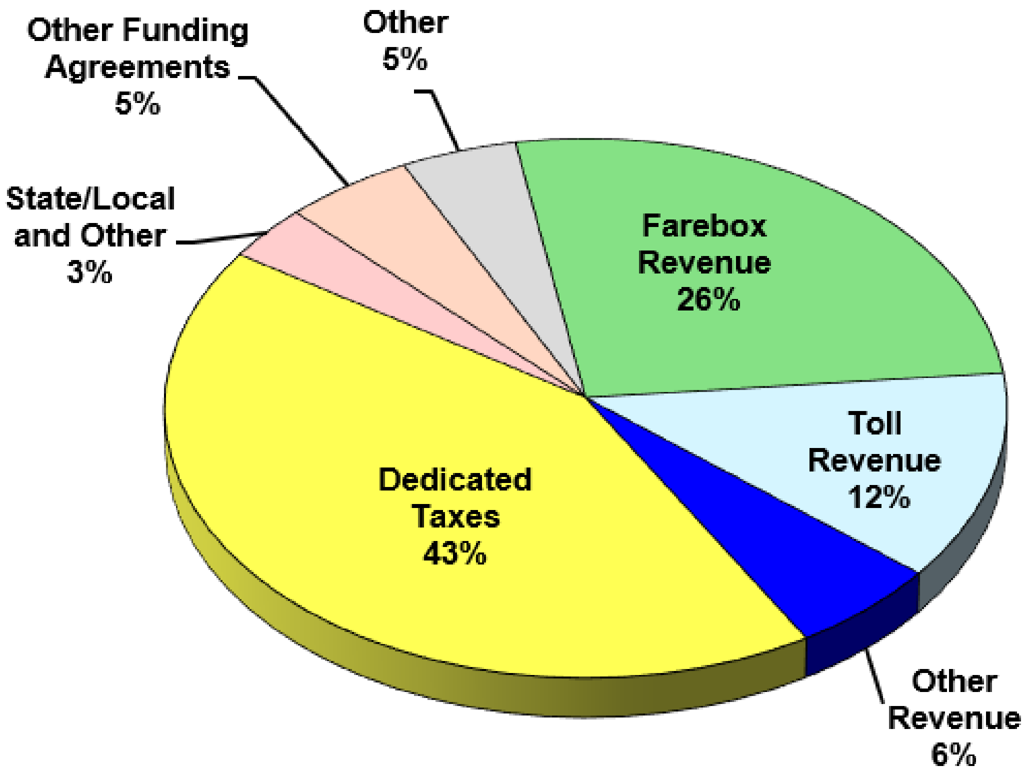


Farebox revenue forecasted to reach pre-pandemic levels



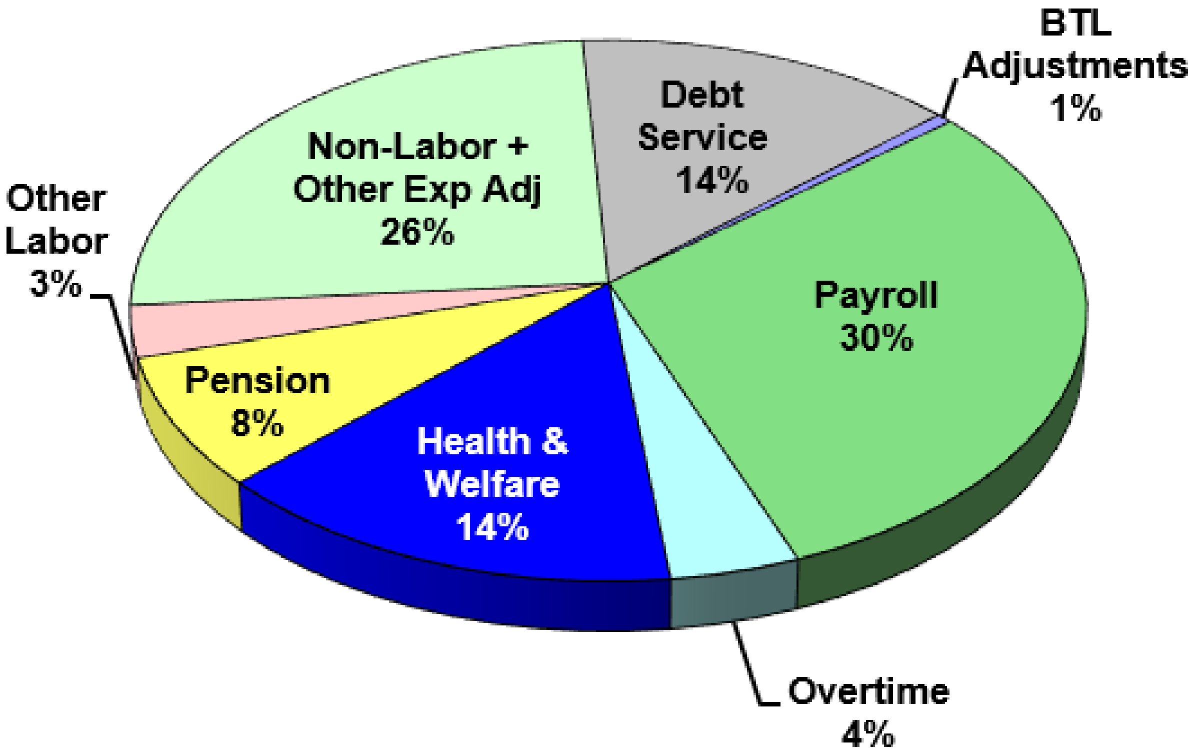
2027 Preliminary Budget is $22.8 billion

Where the dollars come from…



Where the dollars go…

By Expense Category



Note: After below-the-line adjustments. Shown on non-reimbursable and accrual basis.
Farebox Revenue represented 38% of funding in 2019.

Other key assumptions impacting the July Financial Plan

- 4% fare and toll increases assumed in 2027 and 2029
- Downstate casino operations yield expected tax revenues
- Fuel and Energy Power prices stabilize in 2028
- Paratransit reimbursement assumes:
  - NYC cost-share remains at current levels for 2026 and 2027, with a cap
  - Beginning 2028, NYC cost-share extended at 80% without a cap (requires legislation)

Risks to the financial plan that could further increase deficits

Assumption	Risk	Potential Annual Cost
Dedicated tax receipts	Slower economy / no real estate recovery	($300 to $600 million)
Labor increases	Wage increases above 2% budgeted	($100 million) for every 1%
Paratransit	No change in legislation	($300 million)
Casino gaming taxes	Revenue lower than anticipated	($140 million)

The bottom line

- The MTA remains on strong financial footing and is on track to deliver another balanced year.
- Management continues to improve efficiency while maintaining and expanding service, but long-term structural cost growth continues to outpace recurring revenues.
- Developing strategies to resolve the 2027 budget deficit
- Long-term financial strength will require continued management discipline, operating efficiencies, and partnership to address structural funding challenges.